PRELIMINARY SYNOPSIS OF THE PROPOSED THESIS

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TITLE OF THE PROPOSED THESIS

"SAVINGS AND INVESTMENT PATTERN OF COLLEGE TEACHERS WORKING IN THE JURISDICTION OF MANGALORE UNIVERSITY"

RESEARCH SCHOLAR

Mr.ABHINANDAN

REG NO: 166060502

DEPARTMENT OF POST GRADUATE STUDIES IN
COMMERCE AND RESEARCH

MANGALORE UNIVERSITY

MANGALAGANGOTHRI-574199

RESEARCH GUIDE

DR. YATHISH KUMAR
ASSOCIATE PROFESSOR

UNIVERSITY COLLEGE,

MANGALORE - 575001.

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1.0 INTRODUCTION

Significance of the Proposed Study

Investment culture is an essential key for capital structuring and the speedier development of an economy among the populace of a nation. Investment culture is the accumulation of the conduct, discernments, and ability of the people and organizations in setting their investment funds in different money related resources, all the more prominently known as securities. But in India only few percentage of people are investing in capital market. There may be many reasons for people are not investing in capital market. One of the main reason is unaware of capital market investment avenues. In this research work researcher wants to know the investment pattern of teaching faculty and make comparative study of both part of respondents who are invested only in Banking and respondent who invested in both.

Today the field of investment is even more dynamic than it was only a decade ago. World event rapidly events that alter the values of specific assets the individual has so many assets to choose from, and the amount of information available to the investors is staggering and continually growing. The key to a successful financial plan is to keep apart a larger amount of savings and invest it intelligently, by using a longer period of time. The **turnover rate in investments should exceed the inflation rate and cover taxes** as well as allow you to earn an amount that compensates the risks taken. Savings accounts, money at low interest rates and market accounts do not contribute significantly to future rate accumulation. While **the highest rate come from stocks, bonds** and other types of investments in assets such as real estate. Nevertheless, these investments are not totally safe from risks, so one should try to understand what kind of risks are related to them before taking action. The lack of understanding as how stocks work makes the investors to invest in safe investment avenue which give more or less equal to inflation rate.

Furthermore, inflation has served to increased awareness of the importance of financial planning and wise investing. More Inflation is a worry for each and every individual. **Due to Inflation, value of your money in future will decrease**. To Cope up this, Investors wants to invest their money and earn certain rate of return which is

more than rate of Inflation. Having clear reasons or purposes for investing is critical to investing successfully in capital market.

2.0 CONCEPTUAL AND THEORETICAL FRAMEWORK

Investment is the employment of funds on assets with the aim of earning income or capital appreciation. Investment means putting your money to work to earn more money or simply speaking it is sacrificing of money today for future return.

All investments have some risk, whether in stock, capital market, banking, financial sector, real estate, bullion, gold etc. The degree of risk however varies on the basis of the features of the assets, investments instrument, the mode of investment, time frame or the issuer of the security etc.

Elements of Investment

- Reward
- Risk and Return
- Time

2.1 Why Should We Investment?

Financial reasons	Other Reasons
1. To generate on your idle resources	1. Tax Savings
2. To earn returns.	2. Income
3. To protect and increase capital.	3. Ease of Withdrawal
4. To have money for important events.	
5. Make a provision for future uncertainties	

2.2 Where one can invest?

Securities Market:

- Money Market
- Bond Market
- Mortgage Market
- Stock Market
- Foreign Exchange Market
- Derivatives Securities Market

Depository Institutions:

- Commercial Banks

Other Financial Institutions:

- Insurance Companies
- Securities firms and investment banks
- Mutual funds
- Finance companies
- Pension funds

Investment Decisions are majorly affected by following factors.

1. Amount available for investment
2. Available time period for investment.
3. Return Expected
4. Investors risk bearing Capacity.

2.3 TYPES OF INVESTORS:

- Individual investors: (including trusts on behalf of individuals, and umbrella companies formed for two or more to pool investment funds)
- Collectors of art, antiques, and other things of value
- Angel investors, either individually or in groups
- Venture capital funds which serve as investment collectives on behalf of individuals, companies, pension plans, insurance reserves, or other funds.
- Investment bank
- Investment trusts and
- Real estate investment trusts

2.4 Investment in Banking

Banking in India originated in the last decades of the 18th century. Investment in banking is most popular way of investment in India. Majority of the Indian invest their money in banks. It is safest but not risk free mode of investment and provide us moderate return from our investment. Maximum wealth of the Indians is deposited in banks due to the less risk appetite of investor. They are not willing to take risk to invest in share market or other financial instrument apart from banking.

Advantages:

- Safest Mode of Investment
- Easy liquidity.
- Fixed Return
- Less Risky
- No expertise is needed to investment in banks

Disadvantages:

- Lower rate of returns.
- Narrow range of options available to the Investors.

2.5 Investment in Stock market

Stock markets refer to a market place where investors can buy and sell stocks. The price at which each buying and selling transaction takes is determined by the market forces.

In earlier times, buyers and sellers used to assemble at stock exchanges to make a transaction but now with the dawn of IT, most of the operations are done electronically and the stock markets have become almost paperless. Now investors don't have to gather at the Exchanges, and can trade freely from their home or office over the phone or through Internet.

People have earned fortunes from the stock markets, but there are people who have lost everything due to incorrect timings or selection of fundamentally weak companies

- A stock market/share market is a public market (a loose network of economic transactions not a physical facility or discrete entity) for the trading of company stock and derivatives at an agreed price; these are securities listed on a stock exchange as well as those only traded privately.
- A place where shares, stocks and bonds are bought and sold.
- A market in which shares of different companies are bought and sold. Technical Analysis: Anticipating future price movements using historical prices. Trading volume, open interest, and other trading data to study price patterns.

Advantages:

- High rate of returns.
- Wide range of options available to the Investors.
- Easy liquidity.
- Help of brokers is easily available.
- Speculations can be fruitful sometimes.

Disadvantages:

- Lack of expertise can cause huge losses.
- Investors must have complete knowledge of the market.
- No protection against miss happening

2.6 REGULATORY BODY OF INDIAN BANKS AND SHARE MARKET

India has a financial system that is regulated by independent regulators in the sectors of banking, insurance, capital markets and various service sectors. The Indian Financial system is regulated by two governing agencies under the Ministry of Finance.

1. Reserve Bank of India

The RBI was set up in 1935 and is the central bank of India. It regulates the financial and banking system. It formulates monetary policies and prescribes exchange control norms. The current Governor of RBI is Mr. Duvvuri Subbarao.

2. The Securities Exchange Board of India (SEBI)

The Securities and Exchange Board of India (frequently abbreviated SEBI) is the regulator for the securities market in India. It was formed officially by the Government of India in 1992 with SEBI Act 1992 being passed by the Indian Parliament. Mr. Upendra Kumar Sinha is the current chairmen of SEBI.

The capital markets division of the Department of Economic Affairs regulates capital markets and securities transactions. The capital markets division has been entrusted with the responsibility of assisting the Government in framing suitable policies for the orderly growth and development of the securities markets with the SEBI, RBI and other agencies. It is also responsible for the functioning of the Unit Trust of India (UTI) and Securities and Exchange Board of India (SEBI).

3.0 REVIEW OF LITERATURE

The literature review includes the academic books, journals, internet access, magazines etc. Various studies on a Study on Awareness of People on Indian Stock Market had been conducted in Indian context. Depending on the various issues of investment, the review has been discussed in brief as follows:

Grewal S.S and NavjotGrewall (1984) revealed some basic investment rules and rules for selling shares. They warned the investors not to buy unlisted shares, as Stock Exchanges do not permit trading in unlisted shares. Another rule that they specify is not to buy inactive shares, i.e., shares in which transactions take place rarely. The main reason why shares are inactive is because there are no buyers for them. They are mostly shares of companies, which are not doing well. A third rule according to them is not to buy shares in closely-held companies because these shares tend to be less active than those of widely held ones since they have a fewer number of shareholders. They caution not to hold the shares for a long period, expecting a high price, but to sell whenever one earns a reasonable reward.

Jack Clark Francis (1986) revealed the importance of the rate of return in investments and reviewed the possibility of default and bankruptcy risk. He opined that in an uncertain world, investors cannot predict exactly what rate of return an investment will yield. However he suggested that the investors can formulate a probability distribution of the possible rates of return. He also opined that an investor who purchases corporate securities must face the possibility of default and bankruptcy by the issuer. Financial analysts can foresee bankruptcy. He disclosed some easily observable warnings of a firm's failure, which could be noticed by the investors to avoid such a risk.

Preethi Singh (1986) disclosed the basic rules for selecting the company to invest in. She opined that understanding and measuring return and risk is fundamental to the investment process. According to her, most investors are 'risk averse'. To have a higher return the investor has to face greater risks. She concludes that risk is fundamental to the process of investment. Every investor should have an understanding of the various pitfalls of investments. The investor should carefully

analyze the financial statements with special reference to solvency, profitability, EPS, and efficiency of the company

Carter Randal (1992) offered to investors the underlying Principals of winning on the stock market. He emphasized on long-term vision and a plan to reach the goals. He advised the investors that to be successful, they should never be pessimists. He revealed that though there has been a major economic crisis almost every year, it remains true that patient investors have consistently made money in the equities market. He concluded that investing in the stock market should be an un-emotional Endeavour and suggested that investors should own a stock if they believe it would perform well.

Donald E Fischer and Ronald J. Jordan12 (1994) analyzed the relation between risk, investor preferences and investor behavior. The risk return measures on portfolios are the main determinants of an investor's attitude towards them. Most investors seek more return for additional risk assumed. The conservative investor requires large increase in return for assuming small increases in risk. The more aggressive investor will accept smaller increases in return for large increases in risk. They concluded that the psychology of the stock market is based on how investors form judgments about uncertain future events and how they react to these judgments.

S. Rajagopal (1996) commented on risk management in relation to banks. He opined that good risk management is good banking. Aprofessional approach to Risk Management will safeguard the interests of the banking institution in the long run. He described risk identification as an art of combining intuition with formal information. And risk measurement is the estimation of the size, probability and timing of a potential loss under various scenarios.

Thandabani (1997) studied the source and pattern of income, savings and investment in rural and urban households in Pondicherry. He also analysed the socio-economic variables and assessed the factors affecting the level of income, savings and investment.

CRISIL Report on Risk Management (2000) stated that the loss potential from market risk will increase in the absence of strong risk management tools. The banks which adopt a pro-active approach to upgrading risk management skills which are currently unsophisticated as compared to internationally best practices, would have a competitive edge in future. The report commented that in the increasingly deregulated and competitive environment, the risk management strategies of banks would hold the key to differentiation in their credit worthiness.

Raghavan R.S.(2000) reviewed the need for a risk management system, which should be a daily practice in banks. He opined that bank management should take upon in serious terms, risk management systems, which should be a daily practice in their operations. He is very much sure that the task is of very high magnitude, the commitment to the exercise should be visible, failure may be suicidal as we are exposed to market risks at international level, which is not under our control as it was in the insulated economy till sometime back.

Nicholas Barberis & Andrei Shleifer (2003) study asset prices in an economy where some investors categorize risky assets into different styles and move funds among these styles depending on their relative performance. The study also predict that style returns exhibit a rich pattern of own and cross-autocorrelations and that while asset-level momentum and value strategies are profitable, their style-level counterparts are even more so.

Shrotriya (2003) conducted a survey on investor preferences in which he depicted the linkage of investment with the factor so considered while making investment. He says "There are various factors and their linkage also. These factors help us how to ensure safety, liquidity, capital appreciation and tax benefits along with returns.

Bhardwaj (2003) has stated the literature on globalization He found the pervasiveness of the west's perception of the world effect on Indian investors that affects the trends in investor's choice. They are hugely affected by the west's views and so changes in Indian trends occur.

Ranganathan (2003) has stated the investor behaviour from the marketing world and financial economics has brought together to the surface an exciting area for study and research: behavioural finance. The realization that this is a serious subject is, however, barely dawning. Analysts seem to treat financial markets as an aggregate of statistical observations, technical and fundamental analysis. A rich view of research waits this sophisticated understanding of how financial markets are also affected by the 'financial behaviour' of investors. With the reforms of industrial policy, public sector, financial sector and the many developments in the Indian money market and capital market, mutual funds that has become an important portal for the small investors, is also influenced by their financial behaviour. Hence, this study has made an attempt to examine the related aspects of the fund selection behavior of individual investors towards Mutual funds, in the city of Mumbai. From the researchers and academicians point of view, such a study will help in developing and expanding knowledge in this field.

Anita Balsara (2004) studied the investment behaviour and pattern among working women in Gulbarga district of Karnataka. 750 respondents were selected randomly of which only 470 usable responses were available for the study. A 7 point Likert scaled questionnaire was used. While tools like percentage analysis, chi square analysis, multiple regression analysis, Factor analysis, KMO and Croinbach Alpha were used to analyse the data. The study concluded that working women play safe as they follow monthly regular saving pattern, seek personalized income. Age, sex, income and education affected women investors preference while independent decisions were observed for household spending , joint decisions were seen for grocery, clothes, vacation etc. . Moderate awareness was observed for investment avenues among the working women in Gulbarga district.

B. Das, Ms. S. Mohanty and N. Chandra Shil (2008) studied the behaviour of the investors in the selection of investment vehicles. Retail investors face a lot of problem in the stock market. Empirically they found and concluded which are valuable for both the investor‘s and the companies having such investment opportunities.

Saptarshi Purkayastha (2008) attempts to characterize and profile the individual investor in order to determine whether the variables (age, occupation, designation, income and dependants) impact the risk appetite of an Investor. This study found that age, salary and designation do impact the risk appetite of an investor and investors tend to invest in average risk mutual funds, irrespective of their demographic and risk tolerance.

G. Ramakrishna Reddy and Ch. Krishnudu (2009) summarized that a majority of the investors are quite unaware of corporate investment avenues like equity, mutual funds, debt securities and deposits. They are highly aware of traditional investment avenues like real estate, bullion, bank deposits, life insurance schemes and small saving schemes. Study argued the primary motive of investment among the small and individual investors is to earn regular income either in form of interest or dividend on the investment made.

Sushant Nagpal & Bodla (2009) attempt to bring out life style characteristics(aggressive investors, moderate investors and conservative investors) of the investors and their influence on investment preferences. The study concludes that investors’ lifestyle predominantly decides the risk taking capacity of investors.

NidhiWalia and Ravi Kiran (2009) studied that to satisfy the needs of investors’ mutual funds are designing more lucrative and innovative tools considering the appetite for risk taking of individual investors. They also argued as per observation by survey responses of the individual investor ‟s fact is clear that overall, among other investment avenues capital market instruments are at the priority of investors but level of preference varies with different category/ level ofincome, and an association exists

between income status of investors and their preference for capital market instrument with return as objective.

Sayed Rasol Masomi & Sara Ghayekhloo (2011) I investigated the role of Behavioral finance and investor psychology in investment decision making at the Tehran Stock Exchange with special reference to institutional investors. The Behavioral factors discussed are: representativeness, overconfidence, anchoring, gambler's fallacy, loss aversion, regret aversion and mental accounting, affected the decisions of the institutional investors operating at the TSE.

Mahesh Mahajan (2012) identified the portfolio, investment pattern, awareness, issues in designing portfolio and the impact of investor's attitude on the portfolio. A sample of 500 respondents was selected on stratified random basis from Mumbai. Statistical tools like mean, standard deviation, correlation and chi square were used to analyse the data. The study concluded that there is a significant difference in investment portfolio of investors. The investment portfolio of investors in Mumbai differed on the basis of occupation and income.

Pandiyan&Aranganathan (2012) studied that Saving and investment are made by different types of investors. The study described the attitude of the salaried person towards investments. Investment is very important factor in the economic development of any country. The salaried person needs security and guaranty of the investments he made out of his salary. Many new salaried people make wrong decision regarding their investments. The need appropriate guidelines for the proper investments. Government should use proper measure to assure the investments and increase the saving habits among salaried persons.

B. Raja Mannar, B. Ramachandra Reddy (2013) analyzed investor's perception and expectations towards mutual funds. Investors differ in their choice of investments based on the expected return against risk. Educational qualification of investors reflects on the financial needs and investment objective. Marital status influences impact on investment objective, willingness to take risk and volatility in investment

value. Monthly income and monthly savings significantly influence financial needs, investment objective and volatility in investment value.

Rajeshwari Jain (2014) research study is based on the analysis of income and investment pattern of the respondents i.e. working women in the city of Ahmadabad .The objective of the study was to determine the relationship between the income and investments pattern among respondents. The study was conducted on working women across both government and private sectors in the city of Ahmadabad. It was found that majority of them preferred to invest their savings in fixed deposits with banks for the safety of a volatile future followed by investing in gold. The major impact on savings is due to the level of income which has considerably increased in the last decade.

Kapil Kapoor (2016) research conducted to find out the investment pattern of rural and urban investors regarding various investment alternatives. Researcher examined the attitude of rural and urban investors towards different investment avenues. Investors irrespective to the area to which they belong, are very much inclined towards the investment in real estate. Investors believe that there may be fluctuations or ups and downs in the investment amount due to change in economic scenario but the real estate always shows an upward trend. Villagers were inclined towards purchasing agricultural farms. Many prefer to purchase plots and flats in urban areas. This research concluded that investors whether belonging to rural areas or urban areas should look in all avenues while investing their funds. Some investments are risky and some are not, so as per the age of investors they should decide about risky or less risky investments.

3.1 Identification and definition of research gap.

From the above reviews it can be said that many researchers have conducted research on the issues relating to the investment patterns and the few researchers have focused their research on the basis of returns. Analysts treated financial markets as an aggregate of statistical observations, technical and fundamental analysis but no research had been conducted on Investment pattern of teaching faculty in banking and share market. Therefore in this regard an attempt has been made in the present study to focus on issues relating investment pattern of Teaching faculties in Banking and share market.

3.2 Rationale of study:

The rational of the study is to analyse the various causes of lowered investment ratio between banking and share market. **In India only 2% (approx.) people invest in share market and rest of the people deposit their money in banks.** In addition to this researcher interested to know the factors which prevents teaching faculty to invest in capital market. From this research, the intention of the researchers' to create awareness about capital market investment avenues to teaching faculty of Mangalore University through developing working model.

4.0 RESEARCH DESIGN

4.1 Statement of the research problem and research questions

Teaching is a very noble profession that shapes the character, calibre, and future of an individual. There for behind every successful person or rich person there is teacher. But in the world it is very hard to find rich teacher in terms wealth. They have knowledge about investment and they have regular income but very few teaching faculties invested in capital market. In India there are lot of investment opportunities available but majority invested in safe investment avenues only. So by finding main cause for not investing in capital market and give some suggestion to invest in capital market.

This study tries to give answers to the following question;

- What is the investment preference of teaching faculties?
- What factors influence in investment decision?
- What are the objectives of investment?
- What is risk perception level of teaching faculty?

4.2 OBJECTIVES OF THE STUDY

- The main objective of the study is to find out and examine the investment pattern of the investors (Teaching faculty) in banking and Stock market.
- To know the reasons that prevents investor to invest in Share market investment avenues.
- To know the risk perception level of teaching faculty.
- To understand the level of satisfaction with their investment decision.
- To offer some suggestions to the teaching faculty based on the study by developing a working model.

4.3 HYPOTHESES

- There is no significant difference between the risk tolerance level among investors investing only in banking avenues and investors investing both banking and share market.
- There is no significant difference between the investment pattern in bank deposits among male faculty and female faculty.
- There is no significant difference between the investment pattern in shares among male faculty and female faculty.
- There is no significant difference between the risk tolerance level of faculties in Government colleges and faculties in other colleges.
- There is no significant difference between Income level and Risk tolerance level.
- There is no significant difference between Income level and Investment in Banking and Share Market.

- There is no significant difference between age and risk tolerance level.
- There is no significant difference between age and Investment in Banking and Share Market.

4.4 RESEARCH METHODOLOGY:

A. Research Type

- Explanatory Research
- Descriptive Research

B. Research Area:

Colleges comes under Mangalore University (Dakshina Kannada district, Udupi district and Kodagu District)

Categories of colleges	**No. of colleges**
Mangalore University campus	1
Affiliated colleges	145
Government Colleges	37
Constituent Colleges	4
New colleges	9
Total	**196**

C. Research sample

Teaching Faculties of Mangalore University's colleges.

D. Sample Size

500 Teaching Faculties (Approx.) but will be decided later based on calculation through statistical equation.

E.Data collection Method

·Questionnaires

- Direct Interviews

F. Statistical Tools

Following statistical tools will be using for testing hypothesis

- Chi square test
- t-test

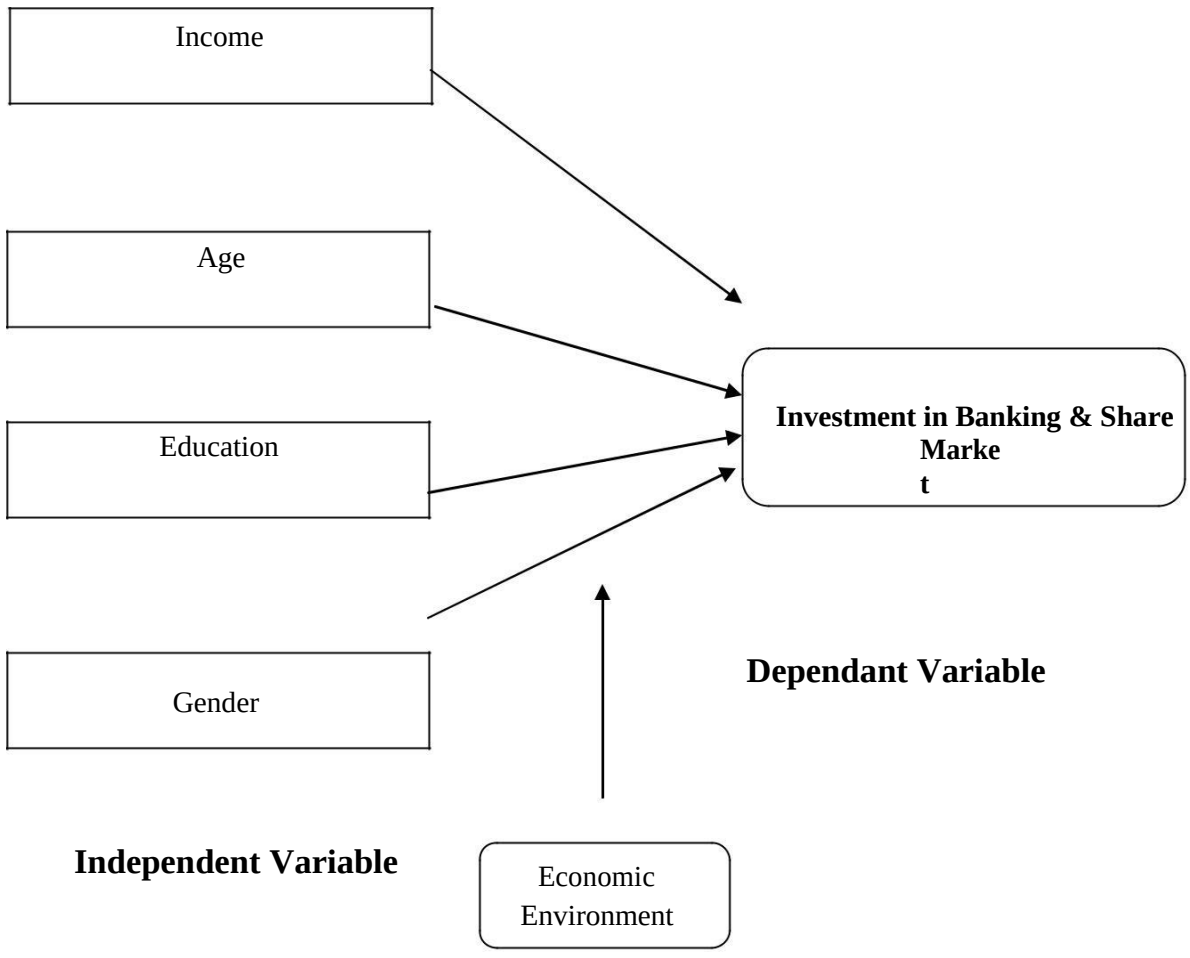
G. Variable to be used

Independent Variable - Income, Age, Education, Gender

Dependent Variable - Investment in Banking & Share Market

Moderate Variable - Economic Environment

Schematic diagram for the theoretical framework including a moderating variable



5.0 SCOPE AND LIMITATIONS OF THE STUDY

5.1 Scope:

This study covers investment pattern among teaching faculty who are invested in banking investment avenues only and teaching faculty investing both capital market and banking investment avenues.

5.2 Limitations:

- Research area is very limited when compared to whole population of teaching faculties in Karnataka.
- Very limited secondary data available regarding proposed theme.

5.2 CHAPTER SCHEME

Chapter I: Includes introduction, Statement of Problem, Objective of the study, Research Methodology and limitations of the study

Chapter II: It deals with "Review of Literature" related to Investment pattern of investor.

Chapter III: A Conceptual Framework related to Investment and Investment pattern.

Chapter IV: It presents the analysis and interpretation of the data collected through field study.

Chapter V: It deals with findings, Suggestions by developing a working model.

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